

**EXHIBIT 122 TO  
HARVEY DECLARATION  
REDACTED VERSION**

# Produced in Native

**Executive Sponsor:** Laszlo Bock

**Authors:** Eric Schaffer, Frank Wagner, Jason Grishkoff, Monica Davis, Prasad Setty, Stephanie Tietbohl

---

**WORK IN PROGRESS**

---



# Project Big Bang: Compensation Levers to Address Attrition

---

OC Meeting #2: August 31, 2010

## Agenda



# Attrition remains a growing concern



## Overall quarterly attrition is increasing

Trailing 4Q total attrition: [REDACTED]

Trailing 4Q regretted attrition: [REDACTED]

## Forever attrition generally tracks to broad regretted attrition

Trailing 4Q forever attrition: [REDACTED]

2Q06 3Q06 4Q06 1Q07 2Q07 3Q07 4Q07 1Q08 2Q08 3Q08 4Q08 1Q09 2Q09 3Q09 4Q09 1Q10 2Q10

Facebook counteroffer wins [REDACTED]

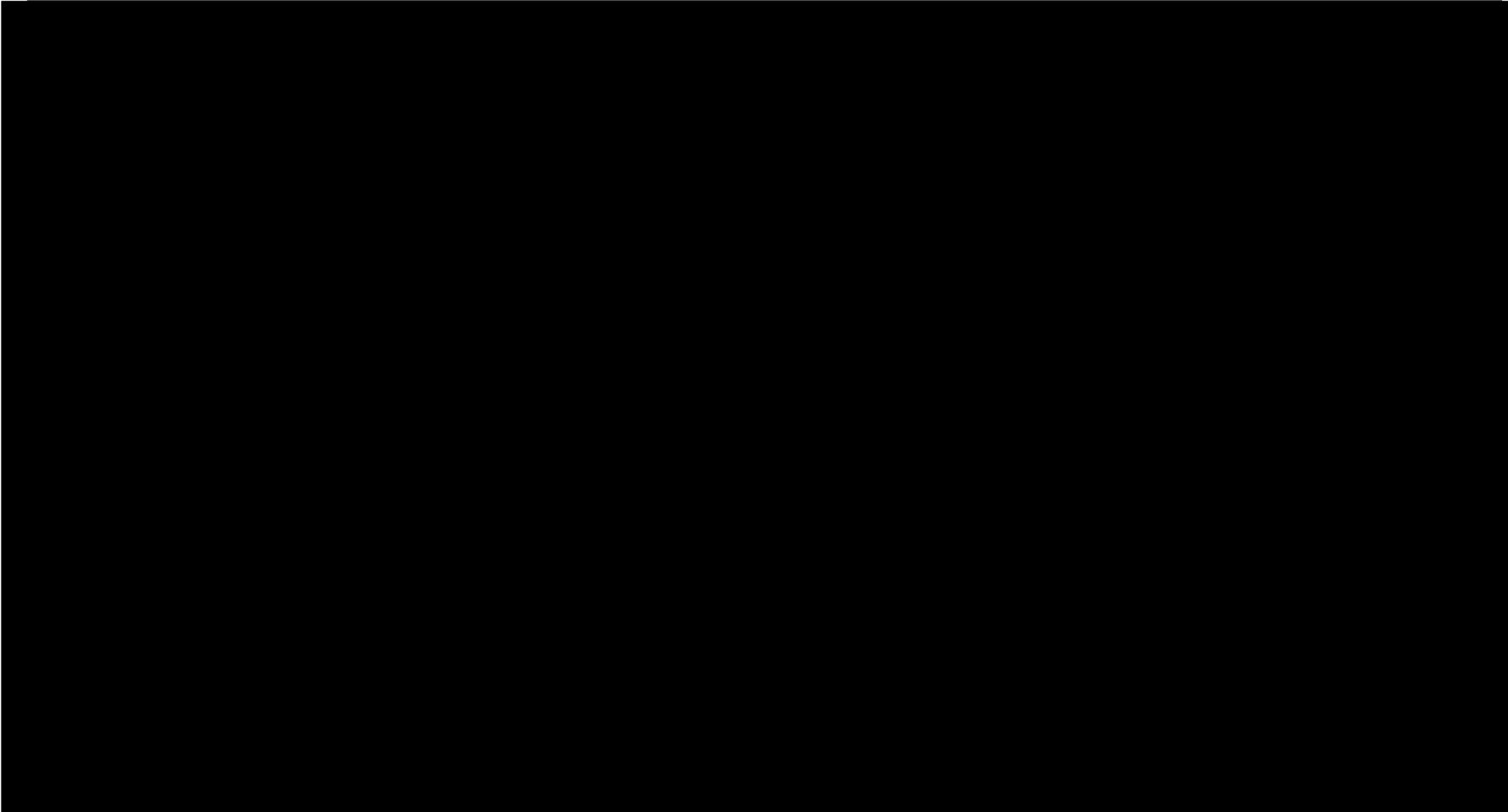
## OC Discussion:

What is an acceptable level of regretted attrition?

1Q07 2Q07 3Q07 4Q07 1Q08 2Q08 3Q08 4Q08 1Q09 2Q09 3Q09 4Q09 1Q10 2Q10



## Attrition could be partially mitigated through compensation levers

Compensation Lever	Guiding Principles Discussion	Overview
		

# New proposal may reduce attrition and provides meaningful salary increases while limiting margin impact and keeping cost neutral (\$6B)

	Salary	Bonus	Equity Refresh	"Wow" Factor	Total Comp
OC Ask					
Proposal					
Spend & Op Margin Impact					
Googler Impact					



**NOT READY FOR REVIEW:**  
Break out annual vs. discretionary vs. mega  
Build in new equity %s

\_\_\_\_\_

(cashflows in \$000s)

	Estimated Annual Compensation	Proposed Annual Compensation	% Δ
--	-------------------------------	------------------------------	-----

Estimated Annual Compensation:



## Performance differentiation

---

Insert three charts to show comp impact under three perf scenarios  
(3.0, 3.4, 4.0)

-

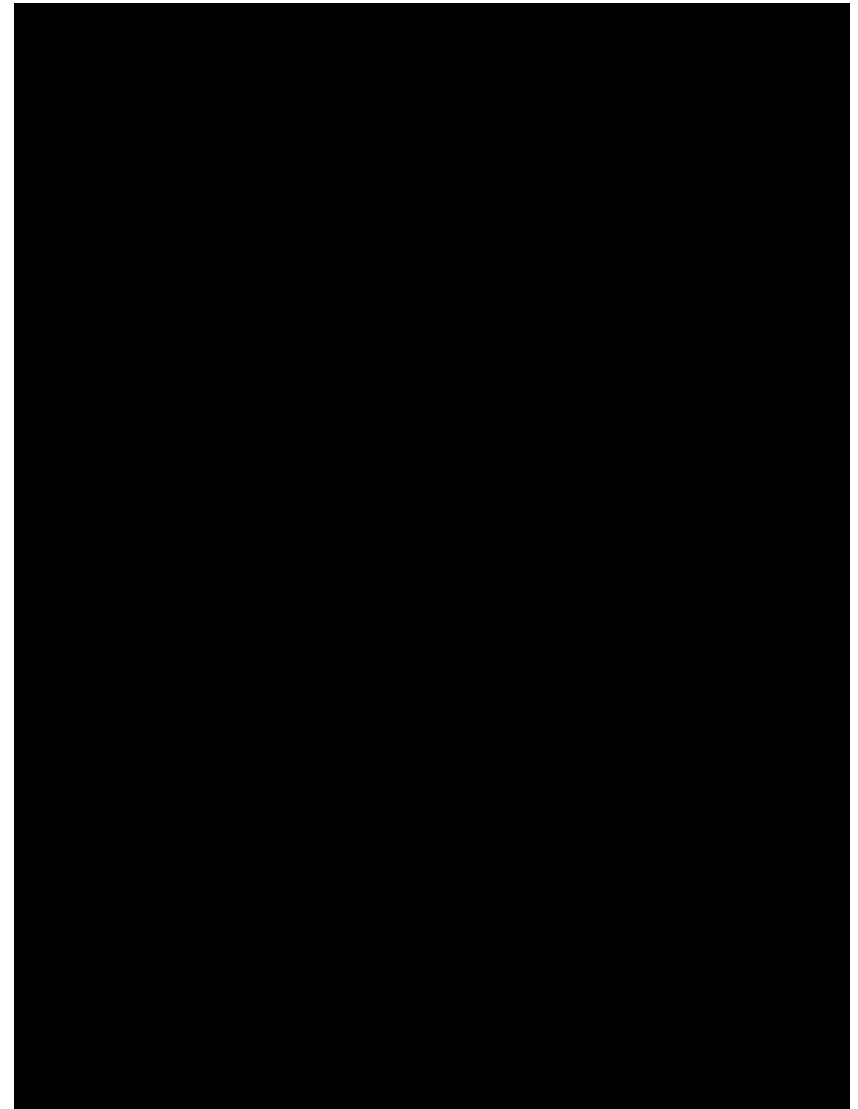
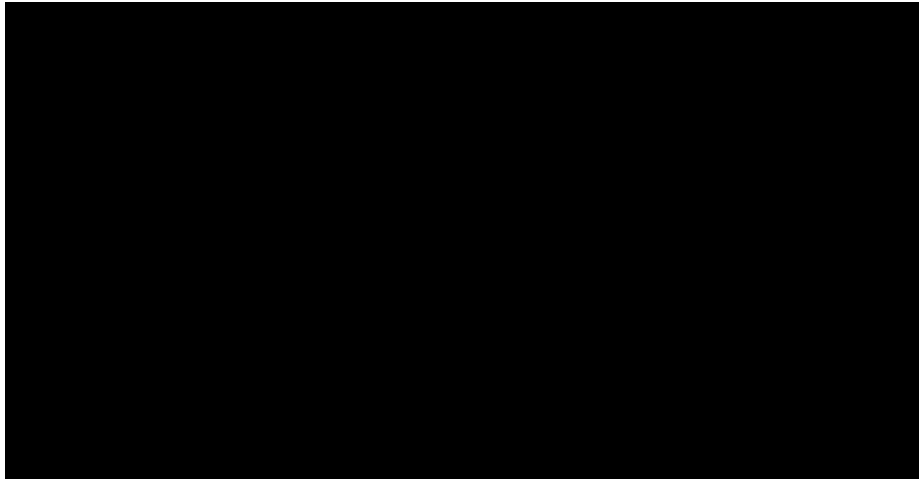


**NOT READY FOR REVIEW:**  
Update bullets  
Add text on EE+ contract idea



## Considerations to address during future OC meetings

---



# Appendix

---

## Equity Impact

---

NOT READY FOR REVIEW:  
Need to add chart



INSERT CHART WITH NEW EQUITY INFO: CURRENT VS. NEW BY



## Dilution

---

NOT READY FOR REVIEW:  
Need to add charts



INSERT DILUTION IMPACT

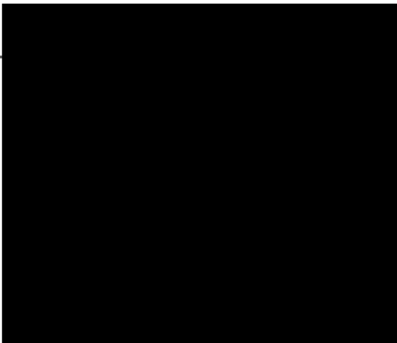
INSERT PEER DILUTION %S

Both proposals are total spend cost-neutral (\$6.1B); however, cash spend and margin impact varies



NOT READY FOR REVIEW:  
Numbers need to be updated

Component	Current	Equity Bang
Salary		
Bonus		
Discretionary Bonus		
<b>Total Cash</b>		
<b>Op Margin Impact<sup>1</sup></b>		
Equity Budget <sup>2</sup>		
<b>Total</b>		



1. Operating margin impact reflects 2010 forecast as of July 7; revenue [REDACTED], non-GAAP operating margin = [REDACTED] operating margin = [REDACTED]
2. 2010 actual dilution estimated [REDACTED]
3. Subject to Board approval

## Slide Graveyard

---

Two proposals address attrition via compensation, but the primary pay vehicle (cash, equity) varies for each



“Wow” Factor
Salary
Bonus Targets
Company Multiplier
Equity Refresh
Total Cost
Op Margin Impact
Improve Pay Predictability
Implementation

